

The 265th meeting of the Rhode Island Student Loan Authority was held on **Thursday, February 26, 2009** in the 1st floor Conference Room, 560 Jefferson Boulevard, Warwick, Rhode Island.

Board Members in attendance:

Dr. Anthony Santoro
Dr. Robert McKenna
Mr. John Howell
Dr. William Croasdale
Mr. Frank Caprio, General Treasurer of Rhode Island

Board Members absent:

Ms. Patti Doyle

Others in attendance:

Mr. Charles P. Kelley, Executive Director, RISLA
Mr. Noel Simpson, Chief Financial Officer, RISLA
Mr. Joseph Palumbo, General Counsel, RISLA
Mr. Dave Souto, Deputy Director, RISLA
Ms. Gail Mance-Rios, Deputy Director, RIHEAA
Mr. Kevan McAleer, RISLA
Ms. Lindie Thibodeau, RISLA
Ms. Delia Rodriguez, RISLA
Mr. William Bianchi, RISLA
Mr. Greg Silva, RIHEAA

The meeting was opened by Dr. Santoro at 9:33AM.

Upon a motion duly made by Dr. Croasdale and seconded by Mr. Howell, it was unanimously

VOTED : to accept the minutes from October 28, 2008 and November 17, 2008 meetings.

Chairman's Report:

Dr. Santoro advised the Board that the meeting will need to adjourn and reconvene after the RIHEAA Board meeting so that Mr. Palumbo may be present for Action Item #8.

Dr. Santoro brought to the Board's attention an article in the New York Times which discussed the need for more private lenders in the student loan area. Dr. Santoro stated that both RISLA and RIHEAA have reached a point where they will need to undertake a self-assessment in the event that the FFELP program is eliminated. Mr. Howell suggested that both RIHEAA and RISLA ask for input from other entities such as the General Treasurer's office on this issue. Mr. Kelley stated that an analysis will be put together by RISLA which will contain information about financial projections, the need for non profit student loan agencies, state supplemental information, etc.

Upon a motion duly made by Dr. Croasdale, and seconded by Dr. McKenna, it was unanimously

VOTED: that the staff conduct a self-assessment of the agency.

Executive Director's Report:

Mr. Kelley discussed the PLUS loan auction program. Mr. Kelley noted that very few lenders can bid on the two year commitment specified in the program because lenders have to demonstrate financial resources to be able to do so and lenders haven't yet received information regarding the bid requirements. NASFA is urging Congress to postpone this program.

Mr. Kelley indicated that RISLA is currently working with RIHEAA on the rehab loans.

Financial Literacy & Exit Counseling materials:

Mr. Bianchi distributed a handout to the Board and provided information about new and existing programs.

Mr. Simpson spoke about the success of College Goal Sunday which took place earlier this month.

Dr. Croasdale gave an update on the last College Planning Center subcommittee meeting. Dr. Croasdale noted that the Middletown and Woonsocket College Planning Center sites are up and running. He also noted that both the Warwick and Bristol College Planning Center sites are very busy.

Ms. Thibodeau gave an update on College Planning Center activity. She indicated that the release of the new College Planning Center website will take place next week and will include a section on financial literacy. Dr. Croasdale stated that this should also be made available in Spanish.

Mr. Kelley introduced Ms. Delia Rodriguez, the newest addition to the RISLA staff, who is the Bilingual Education Counselor working in the Hispanic community. Ms. Rodriguez introduced herself and gave an overview of her work with community organizations in Rhode Island and the new FAFSA Saturday program that has helped Latino families fill out financial aid forms.

Financial Markets Update:

Mr. Kelley stated that Monday is the due date for the Underwriter RFP. He noted that the goal is to do a private bond issue in May. Mr. Kelley noted that the bond issue would likely be smaller this year than last year as fewer people will be able to qualify for private loans. Mr. Kelley noted that instead of a \$64 million bond issue, which was done last May, perhaps this one will be for \$40-\$50 million. Mr. Kelley indicated that Kevan McAleer is working on the financials and a finance subcommittee meeting will be held in March.

Participation in Federal Conduit:

Mr. Kelley stated that the Department of Education has come up with a plan to help student loan groups finance over a 5 year period their federal Stafford and PLUS loans. Mr. Kelley stated that the program documents are being reviewed by staff and legal counsel. Mr. Kelly noted that the reporting requirements are very involved, and the Authority may need to hire additional accounting staff to oversee this program. Mr. Kelly stated that RISLA has to inform the Department of Education of its decision to participate in the Federal Conduit Program by the end of May/June.

Upon a motion duly made by Dr. McKenna, and seconded by Mr. Howell, it was unanimously

VOTED: to participate in the federal Conduit program.

Budget scoring project with other non-profit education loan providers:

Mr. Kelley stated that there are a number of other non-profit student loan groups that are trying to come up with proposals for loan programs which involve groups like RISLA but which score better with the federal government's cost estimates and are still financeable. The participating groups are asking for others to help with the cost of this project, about \$40,000 in total. There are currently at least three other states interested in this project so RISLA's share would possibly be \$15,000. Dr. Santoro asked if this would usurp the RFP rules and Mr. Kelley stated that RISLA can stipulate not to spend more than \$15,000 and that would be under the \$20,000 limit which would send this issue to RFP.

Upon a motion duly made by Mr. Howell and seconded by Dr. McKenna, it was unanimously

VOTED: to participate in the budget scoring project, with a total expenditure of not more than \$15,000.

Upon a motion duly made at 10:45AM by Mr. Croasdale, and seconded by Dr. McKenna it was unanimously

VOTED: to adjourn the meeting, and come back into session after the RIHEAA Board of Directors meeting.

Board meeting was reconvened at 12:37 PM.

Bond Counsel Selection

Mr. Palumbo joined the meeting. Mr. Kelley, Mr. Simpson and Mr. Palumbo discussed the scenarios permissible under the RFP to combine the best resources of the various firms that responded to the Bond Counsel RFP. Options are Bond counsel on a particular issue only; engage firm to address issues arising about existing indentures at a blended hourly rate, and/or engage a firm to address cutting edge issues, and call upon the firm on an hourly basis as a consultant.

Dr. Santoro asked if the bidders understood that the RFP could result in two separate selections. Mr. Palumbo stated that the firms understood they were bidding only on bond issues. Mr. Palumbo stated that in his opinion the Board is free to choose more than one firm for separate work over the next two years, and that there was no guarantee on the number of bonds that will be done within that period of time. Discussion ensued on proposals, rates, and scope of work.

Upon a motion duly made by Dr. Croasdale and seconded by Dr. McKenna, it was unanimously

VOTED: to approve the hiring of Orrick, Herrington as bond counsel.

Upon a motion duly made by Dr. McKenna and seconded by Dr. Croasdale, it was unanimously

VOTED: to adjourn.

Adjournment occurred at 3:18 P.M.

John Howell
Secretary